

**CORPORATE SOCIAL RESPONSIBILITY PRACTICES
OF SELECTED POWER & ELECTRICITY SECTOR
COMPANIES IN INDIA**

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Abstract

- **Purpose:** Corporate Social Responsibility (CSR) is a continuing commitment of business towards society for economic development & for improving the quality of life of the workforce & their families as well as of local community. CSR is treated as a vehicle through which companies give something back to the society. This paper is an attempt to explore CSR initiatives & Sustainable Development practices of selected power sector companies in India.
- **Design/Methodology:** For this purpose 4 companies (2 public sectors & 2 private sectors) are selected from power & electricity sector in India. Data has been collected from websites, annual reports, sustainability reports & case studies of selected companies. Appropriate statistical tools (mean, Rank etc.) have been used.
- **Findings:** The findings of this study deliver a vision about the CSR practices and fund allocation for CSR & Sustainable development by selected companies on the basis of parameters given by Ministry of Corporate Affairs India. All these companies are doing well in relation to CSR initiatives but there are some suggestions regarding better CSR initiatives.
- **Research Limitations:** Main limitation of this study is that it is based only on the one year data i.e. 2012-13 given in annual reports and sustainability reports of selected companies.
- **Keywords:** Corporate Social Responsibility (CSR), Sustainable development, Sustainability, power sector.

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Introduction

Corporate Social Responsibility (CSR) is a continuing commitment of business towards society for economic development & improving the quality of life of the workforce & their families as well as of local community. CSR no longer represents a burden, but instead it is seen as a means of enhancing reputation and trustworthiness among stakeholders. CSR is treated as a vehicle through which companies give something back to the society. Every business firm has to work within the society by using its resources like material, money, man and skills. Society also provides market to the business to sell its goods. Business depends on society for survival, sustenance & reassurance. Social apprehensions are not new area of interest for the business world. But, now- a- days, the spirit of charity and philanthropy become more formal and a part of institutional structure. A company is considered active in socially responsible way if its CSR initiatives fulfil the following criteria:-

1. These initiatives are carried out on a voluntary basis.
2. There is interaction with stakeholders.
3. Social & environment issues are integrated into the business operations.

European Commission described CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and interaction with their stakeholders on a voluntary basis.”

Over the past few years, as a result of rising globalisation and environmental issues, the perception of the role of corporates in the broader social context within which it operates, has been altered. Corporates consider themselves as an integral part of society and accordingly act in a social responsible manner that goes beyond economic performance (**KPMG and ASSOCHAM, 2008**)

The scope of CSR is all encompassing as it includes five dimensions of environment, social, economic, stakeholder, and voluntariness (Alexander Dahlsrud CSR, 2006) and has become increasingly prominent in the Indian corporate scenario. Organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that develop specific

policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a defined social philosophy or are closely affiliated with the companies' business expertise. CSR Programs can be ranged from overall development of a community to supporting specific causes like education, environment, healthcare etc.

Power and Electricity Sector

The power industry is responsible for the production and delivery of electrical energy in adequate quantities via a power grid. Power is regarded as a public utility and basic infrastructure which is used in all domestic, commercial and industrial operations.

Power is the one of the most vital inputs to the socio-economic development of the country. The projected growth of Indian economy largely depends upon the performance and growth of the power sector. As estimated, India needs to expand power production to 8 lakh megawatts from the current 1.6 lakh megawatts to sustain present economic growth in next 25 years. India is the world's fifth-largest electricity producer after the U.S., China, Japan and Russia.

Power generating sector while fuelling the progress of the nation effects the environment adversely. The power generating company:-

- Need large acres of land to put up their plants in place to generate electricity and transmit it across the vast length & breadth of the nation.
- Consume volume of fuel leading to the depletion of the national resources.
- Transport fuel which is risky especially in case of nuclear material.
- Produce greenhouse gases such as carbon dioxide, sulphur dioxide, nitrous oxide are emitted resulting in global warming.
- Produce large volume of combustion waste/ by products.

All these have a great impact on the lives of local people, the workforce and the environment. In the post global economy, there has been tremendous pressure on the business to show a greater responsibility to the social and environmental aspects. Everyone has expectation towards these companies whether it is government, society,

NGOs and community etc. so these companies are taking various CSR initiatives towards society and environment. The present paper is an attempt to disclose the CSR & Sustainable development practices of selected power sector companies in the Indian context.

Literature review

Topic	Year & publication	Author	Objective	Methodology	Findings
1.A look into Corporate Social Responsibility in Indian and emerging economies.	International Journal of Business and Management Invention ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X www.ijbmi.org Volume 1 Issue 1 December. 2012 PP.22-29	Soheli Ghose	To study correlation between the CSR investment and sales of the companies.	A sample of 9 companies at random from different sectors has been selected. Study period is 2007-2010. Pearson's Correlation (2 Tailed) test is used to study the relationship between CSR investment and the Sales of sample.	There is a significant positive correlation between the Actual Amount of Investment in CSR activities made by the sample companies in and the Actual Annual Sales of these companies in given period.
2. Corporate Social Responsibility initiatives of major	African Journal of Basic & applied Sciences 4(3):	Anupam Sharma & Ravi Kiran	To know the major CSR initiatives of selected companies.	12 large scale organisations from IT sector, FMCG sector &	IT and AUTO Firms have been doing more CSR practices in

companies of India with focus on health, education & environment	95-105,2012, ISSN 2079-2034			AUTO sector. Average score at a scale of 5 has been calculated on the matrix of various CSR initiatives for selected companies.	comparison to FMCG firms.
3. Social & Environmental issues- Corporate Social Responsibility, Sustainable development : performance measures & indicators	Journal of Accounting and finance, volume 25, No.2, April-September 2011	HurratulMale kaTaj	To know the challenges and benefits of CSR along with sustainable development measures being undertaken by corporate sector.	8 companies' cases and issues have been studied.	Both public & private efforts must be extended to solve the society's problems through CSR initiatives.
4. Corporate Social Responsibility practices in India: A study of top 500 companies	Global Business & management Research: An international journal(GBM R),vol.2, No.1, 2010,	RichaGautam &Anju Singh	To elaborate the CSR concept and study the current CSR practices in India	500 companies have been taken from different sectors.	This paper examines how India's top 500 companies view & conduct CSR practices and

	pp. 41-56				maps these against Global Reporting Initiative Standards.
5. Corporate Social Responsibility in Rural development - Evidence from India	Rites Ltd.,2009	Sanjay Pradhan&Ak hileshRanjan	To study & understand the CSR initiatives and assess its impact on rural development	14 public & private Indian firms have been selected. CSR activities have been classified under 5 areas: livelihood, health, education, environment & infrastructure.	Although selected companies are doing CSR practices but lots of must be done like govt. intervention as motivator, align company's CSR goals with national goals , need of social audit & dedicated CSR division etc.
6. Corporate Social Responsibility in Indian organisations	Maratha Mandir'sBab asahebGawde Institute of Management Studies	Dr. Mohammad Khalil Ahmed	To explore the various definitions & theoretical concept of CSR and study the current CSR	15 companies have been selected to know the role of CSR.	In developing country like India where there is imbalance in social and economic

			practices in India		development, capital distribution and poverty there is a need to increase the active participation of business houses for the welfare of society.
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Need of the study:

- Power sector plays a vital role in an economy. For power generation huge resources are required i.e. land, money, manpower, coal etc. While fuelling the progress of the nation, this sector should highly responsible towards society and environment. This study is conducted to know how responsible this sector is towards community.
- In literature review, all papers have studied CSR practices of different companies from different sectors. This study is accompanied to know the CSR practices of one sector i.e. power and electricity sector.
- In this study, CSR funds of selected companies are studied to check that these funds are according to norms or not set by Ministry of Corporate Affairs.

Objectives of the study:

- To know about the amount spend on CSR activities by selected companies.
- To make comparative analysis of Corporate Social Responsibility practices of selected power & electricity sector companies.

Research methodology**Sample selection:**

Random sampling technique is used for selecting the sample units. Sample is taken from public and private sector companies from power and electricity sector. The selection was made on the following grounds:

- All these companies are listed in BSE and NSE.
- These are taking CSR and Sustainable development initiatives.

Table1: Table of companies

Public sector companies	Private sector companies
National Thermal Power Corporation of India Ltd. (NTPC)	Reliance Power Ltd. (RPL)
Power Grid Corporation of India Ltd.(PGCIL)	Tata Power Ltd. (TPL)

Source of Data

The study is based on secondary data. Data is collected from annual reports, sustainability reports of the selected companies and websites.

Period of Study

The data have been examined for the one financial year i.e. 2012-13.

Limitations of the study:

Main limitation of this study is that it is based only on the one year data i.e. 2012-13 given in annual reports and sustainability reports of selected companies.

Analysis of Data:

To achieve objectives, researcher has been prepared a checklist in which 68 items have been included. These 68 items are grouped into 11 parameters. These parameters are given by Ministry of Corporate Affairs and schedule VII of section 135 of Companies' Bill 2012. These parameters are as follows:

- ❖ Eradicating extreme hunger & poverty (4)
- ❖ Promotion of education (14)
- ❖ Promote gender equality & empower women (3)
- ❖ Reduce child mortality & improving maternal health (6)
- ❖ Combating HIV/AIDS, Malaria & other diseases (6)
- ❖ Ensure environment sustainability(20)
- ❖ Empowerment of communities(4)
- ❖ Upliftment of the marginalised & underprivileged sections of the society (4)
- ❖ Social business projects/ Infrastructure development (4)
- ❖ Contribution to PM Relief Fund or any other fund of central & state govt. (1)
- ❖ Relief & assistance in the event of a natural disaster (2)

Analysis and Results:

In this study, analysis has been done on the basis of (1) CSR expenditure (2) CSR and Sustainability development initiatives of selected power sector companies. These initiatives are based on the perimeters given by Ministry of Corporate Affairs and schedule VII of section 135 of Companies' Bill 2012. There are 11 main activities for CSR and SD initiatives which have been subdivided in 68 activities in total. After the detailed study of CSR and SD activities of all the companies "1" is given for contributing in the activity and "0" otherwise. The score of each company is totalled and average of these activities is calculated.

Table 2. Descriptive Statistics of CSR & Sustainable Development Activities of selected Companies

S.no.	CSR and SD activities	Public Companies		Private Companies	
		NTPC	PGCIL	RPL	TPL
1.	Eradicating extreme hunger & poverty (4)	2	2	2	3
2.	Promotion of education (14)	11	7	11	8
3.	Promote gender equality & empower women (3)	1	1	2	3
4.	Reduce child mortality& improving maternal health	3	3	5	5

(6)					
5.	Combating HIV/AIDS, Malaria & other diseases (6)	5	3	5	4
6.	Ensure environment sustainability(20)	15	12	14	15
7.	Empowerment of communities(4)	2	2	3	2
8.	Upliftment of the marginalised & underprivileged sections of the society (4)	4	4	4	4
9.	Social business projects/ Infrastructure development (4)	3	3	3	3
10.	Contribution to PM Relief Fund or any other fund of central & state govt. (1)	1	1	1	1
11.	Relief & assistance in the event of a natural disaster (2)	2	2	1	1
	Total	49	40	51	49
	Mean / average of CSR activities	0.72	0.59	0.75	0.72

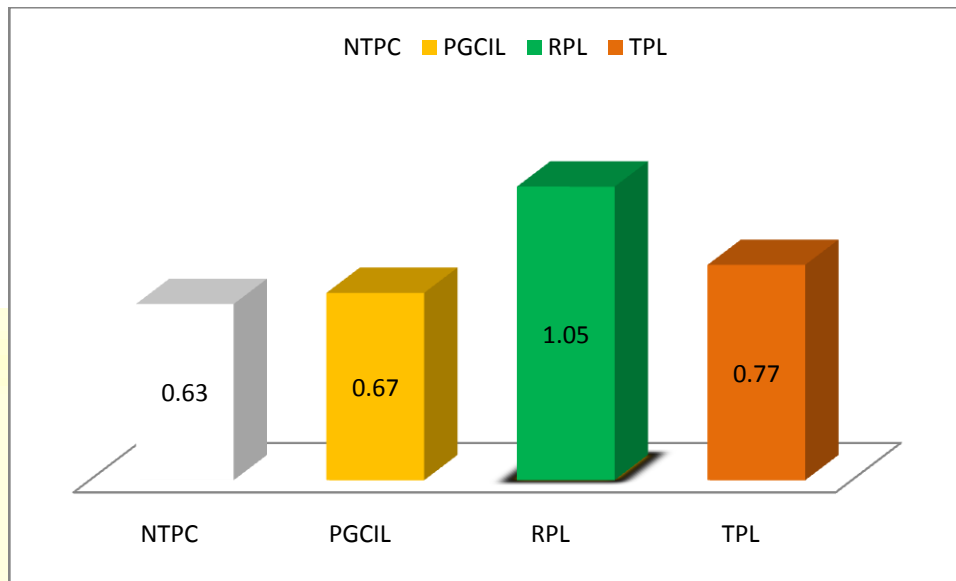
Source: completed from annual reports and sustainability reports of selected companies

11 parameters of CSR activities have 68 items in which RPL has been practicing highest number of CSR activities (51) in comparison to other companies. NTPC & TPL has been practicing same number of CSR activities (49). PGCIL has lowest score in terms of CSR activities. Average score of RPL (.75) is highest and average score of PGCIL (.59) is lowest among all the companies.

Table3. Table Showing CSR & SD expenditure of selected Power Sector Companies

S. No.	Name of company	Expenditure (Rs. In cr.)	CSR expenditure as % of profit after tax	Rank
1.	National Thermal Power Corporation Ltd.	79.538	0.63%	4
2.	Power Grid Corporation of India Ltd.	21.75	0.67%	3
3.	Tata Power Ltd.	7.88	0.77%	2
4.	Reliance Power ltd.	10.70	1.05%	1

Source: Data compiled from Business Responsibility Reports of companies for F.Y. 2012-13

Chart of CSR Expenditure**% CSR Expenditure of profits**

In the above table and chart, expenditure on CSR activities of selected companies is shown in % form. Ranks are given to the companies, according to the % of funds used for CSR activities out of profit. RPL is ranked on 1st position, TPL is 2nd, PGCIL is 3rd and NTPC is on 4th position on the basis of % CSR expenditure. But in terms of Rs. NTPC is spending more funds on CSR activities but it is a small % of its profit. NTPC is largest power Sector Company of India and having highest earning in comparison to other power sector companies. So, it should allocate more % of profit as CSR funds.

Conclusion & Suggestions:

After studying the CSR activities of selected companies, here are some suggestions:

1. Corporates no doubt have taken CSR and SD initiatives. There is an opportunity to extend their CSR activities in less privileged states rather than concentrate in rich states.
2. Some companies have their own foundations while some are contributing with the help of government and NGOs. Working with NGOs is more worthwhile and result-oriented. Companies should join hands with related NGOs for more diversified CSR activities.

3. Companies are contributing in education promotion, healthcare, infrastructure development and environment conservation. It will give better results if activities touch the grassroots level of society.
4. Voluntarism among employees should be encouraged and encourage them through recognition & incentives.
5. Special training need to be given to business managers in working with social issues.
6. Ministry of corporate affairs have decided that a profit earning company should spent minimum 2% of Average profit after tax (PAT). This average PAT is the average of previous three years' profit. All selected companies are lacking behind in respect of CSR spending in comparison to norms. They should spent this much (2%) amount as it is the minimum limit of CSR spending.
7. As per the changing market scenario, companies should contribute more for the upliftment of the Indian society. Indian economy is in a developing stage and there are many backward regions and underprivileged people which need a support in real sense with relation to health, education and livelihood, Spread more awareness about sustainability so that our planet would become better to live in.

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